

ATTENTION TAXPAYERS

The U.S. Federal Reserve provides an average exchange rate which amounts to an annual conversion rate of \$1.00 = Euro 0.8039 for 2004. The IRS has NO official exchange rate. In past years the IRS has given an average based on the Dept. of State rates posted on their web page. Taxpayers have always been required by Internal Revenue regulations 1.905-3 and 1.988 to translate foreign income into dollars on the date of payment. As a practical matter, a wage earner can use a yearly average with no problem. A self-employed individual usually benefits by converting at the date of payment. The IRS accepts any posted exchange rate that is used consistently.

The U.S. Consulate, Munich, will NOT be offering VECTA Tax Assistance this year. If you have any tax questions, you can contact the IRS office in Berlin or contact a Tax Advisor.

Almost all tax forms can be downloaded from the Internet at www.irs.gov
You may also contact the Internal Revenue Service (IRS) office in Berlin:

Internal Revenue Service
U.S. Embassy Berlin
Clayallee 170
14195 Berlin

Internet: www.irs.gov or www.usembassy.de

Tel.: (030) 8305 1140 (Mon.-Fri. from 9:00 a.m. to 12:00 p.m.)

Fax: (030) 8305 1145

A list of professional tax advisors serving the Munich area is also provided below for your convenience.

The Federal Tax filing requirements for U.S. citizens living abroad are generally the same as those for U.S. citizens living in the U.S.A. All citizens and legal permanent residents (green cards holders) are required to report their worldwide income.

Worldwide income includes:

1. Earned Income: Salaries and wages, commissions, bonuses, professional fees, non-cash payments, allowances and reimbursements.
2. Unearned Income: Dividends, capital gains, gambling winnings and alimony.
3. Other Income: Business profits, pensions, annuities, rents and royalties.

Income must be reported even if it is earned or received in a foreign country, paid in foreign currency or subject to foreign tax.

NOTE: Non-U.S.-citizens residing, working or doing business in the U.S. may also be required to fulfill certain U.S. tax requirements.

For further information, write to:

Assistant Commissioner (International)

Attn: IN:C:TPS

Internal Revenue Service

950 L'Enfant Plaza South, S.W.

Washington, D.C. 20024

Tel: 001-215-516-2000

TAX ADVISORS

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